



Representative Todd Tiahrt
Chairman

— THE GULF COAST —

ECONOMIC COMPETITIVENESS OPPORTUNITY ZONE

— Recovery —
from Hurricane Katrina
depends on capital
not the Capitol.

Congress should give
private investors the
tools they need to
thrive, create jobs,
and rebuild Mississippi,
Louisiana and Alabama
“higher and better.”



Representative Todd Tiahrt
Chairman

Dear Colleague:

We have all been saddened by the horrible destruction left in the path of Hurricane Katrina throughout the Gulf Coast states. Over the past month we have worked with our constituents and various governmental and charitable organizations to lend a hand in the recovery efforts.

As Members of Congress we are in a unique position to make a real difference in the lives of the victims who have lost so much. What they need from us is help in making sure they have the appropriate tools to rebuild their economy. We have invested substantial dollars, now we must offer economic incentives to turn those dollars into long-term private investment. As a friend of mine often reminds me, "capital will go where it is welcome." Government can encourage rebuilding more quickly by removing roadblocks and introducing free market principles. We not only have an opportunity to set in place economic competitiveness policies; we have a responsibility to accelerate the process by which the victims can start rebuilding their lives on a more solid foundation.

Our constituents ask this of us too, they are dismayed to learn of the misuse of their taxpayer dollars and are worried about the effect this tragedy will have on the American economy as a whole. Ensuring an economically viable Gulf Coast region will help the national economy and all of our districts.

When our fellow citizens are in need, Americans respond. There has been an overwhelming private and public response to this terrible tragedy. There is a role for government to play, but we also need to recognize that sometimes the best thing government can do is get out of the way and let the free market system work.

Sincerely,

Todd Tiahrt
Member of Congress



Representative Todd Tiahrt
Chairman

Recovery from Katrina: What's the Next Step?

Over the past month, Congress and the Administration have acted to give immediate relief to those affected by Hurricane Katrina, and to begin the recovery process. Now we need to focus on the next phase to ***Rebuild, Renew and Revitalize*** the Gulf Coast Region.

So far we have sent over \$62 billion in taxpayer funds to the Gulf Coast. Of that, \$18.3 billion has been allocated for disaster relief (housing assistance, manufactured assistance, damage assessment, and operations), of which only \$3.2 billion has been spent. Oversight is already a problem. We have heard stories about the \$236 million contract with Carnival for the charter of three luxury cruise ships to provide housing for displaced victims of Hurricane Katrina. According to some published reports, the cost to house evacuees on these vessels would exceed \$30,000 per person over the next six months. There are many more misuses of taxpayer funds out there, and if we send more federal funds there will be even more abuse.

Rather than send more taxpayer funds, we should look at ways to bring the private sector into the process. Private capital will bring with it its own oversight. Investors are more concerned with how their money is spent than bureaucrats on the 4th floor of an agency in Washington. Private investors and local employers will also have a much better sense of what the region needs.

Many of you have already introduced legislation to address this problem. The House Economic Competitiveness Caucus has developed a framework in which your legislation can be categorized. Based on the House Economic Competitiveness Agenda, *The Gulf Coast State Economic Competitiveness Opportunity Zone* will focus efforts on the policies and incentives which will build a solid foundation for private sector economic growth in the region. It targets the same areas as the House Economic Competitiveness Agenda that we have had on the floor the past two years.

This is the debate we need to have on the floor and the agenda our constituents want us to push. In order to give real hope to those affected by Hurricane Katrina, we must not simply offer unlimited taxpayer funds.

I encourage you to join me in encouraging the committee chairmen, leadership and the White House to put this agenda on the floor. **Instead of more taxpayer funding, let's vote on measures that will expedite the flow of capital into the Gulf Coast Region.**



Representative Todd Tiahrt
Chairman

Eight Elements Necessary to ***Rebuild, Renew and Revitalize the Gulf Coast*** ***The Gulf Coast State Economic Competitive Opportunity Zone***

In order to ensure a long term vibrant economy in the region devastated by Hurricane Katrina, Congress needs to take a comprehensive look at policies and incentives which will build a solid economic foundation.

We already know what the economic barriers to job creation are in the United States. For the past two years, through the House Economic Competitiveness Agenda, we have identified the areas that are preventing employers from keeping and creating jobs, making America an unattractive place to do business. These same barriers are what investors and employers will face in the Gulf Coast.

Congress should focus efforts on removing the barriers to Gulf Coast economic revitalization. We can develop economic goals for their future and we will find the paths to get there.

The Economic Competitiveness Caucus wants to help ensure the Gulf Coast economy is vibrant and competitive now and over the next several decades. We have an opportunity and a responsibility to see that the right policies are set in place to make this a reality.

The Economic Competitiveness Caucus is compiling a list of ideas and legislation that should be enacted in each category. The whole Conference should participate in this effort.

The areas that need to be addressed in order to be successful in the long-term are: Health Care Security, Bureaucratic Red Tape Termination, Lifelong Learning, Trade Fairness, Tax Relief and Simplification, Energy Self-Sufficiency & Science, Innovation and Investment, and Ending Lawsuit Abuse and Litigation Management.

Bureaucratic Red Tape Termination

Many regulations, such as the Jones Act and Davis-Bacon, have been temporarily waived to allow for clean-up for the region. This is a good start that we need to build upon. Those who want to rebuild in the region will be met at every step by a myriad of local, state, and government forms and regulations with which they must comply. This will not only slow down recovery, but deter investment in some areas.

Congress should create a regulation-free zone to allow the communities to do what they need to do to clean-up and rebuild. At the very least, waivers of burdensome regulations that prevent companies from starting, schools and community centers from building, infrastructure from being built and minimization of paperwork need to be set in place.

Government should lend a helping hand, working hand-in-hand with investors to see that the area is rebuilt safely and in a timely manner. In the end, all sides have the same goal of safe workplaces, a clean environment, structurally sound buildings, accountability, a lasting infrastructure, and successful businesses. By having federal representatives on hand to: work through problems at the site, minimizing unnecessary paperwork and regulations, streamlining permitting processes and relaxing the allowable use of federal funds; Congress can help reduce development costs and speed up the time it takes to rebuild the region. This will go a long way towards attracting capital.

Energy Self Sufficiency

There is a unique opportunity to make the gulf coast region the alternative energy capital of the country. Congress can provide incentives to innovators in renewable energy production to develop facilities in the Gulf Coast. In addition, education and research funding can be concentrated in the Gulf Coast states to stimulate innovative energy sources. In doing so, engineers and businesses will be drawn to invest in these ideas – strengthening the economy of the gulf coast region as well as helping solve the nation's energy crisis.

In order to immediately help increase refinery capacity in the Gulf Coast, as well as around the country, Congress needs to ease roadblocks to increasing capacity of current refineries. Rather than the 3-5 years to build a new refinery, current refineries could increase capacity in 12-18 months. Congress can help streamline the permitting process, and provide incentives for existing refineries in the Gulf Coast region and throughout the United States increase capacity.

To increase long-term energy self-sufficiency, the government needs to be able to drill in ANWR and off-shore locations to help increase the crude supply.

Congress should also look at ways to focus job training on the unique skills required by energy producers. "Roughnecks" and other workers are a scarcity due to the lack of training. By helping train employees, Congress can help ensure that energy suppliers move to the region.

Ending Lawsuit Abuse and Litigation Management

Lawsuit abuse needs to be prevented. A loser-pays or blanket liability protection needs to be instituted in the region otherwise the economy could be completely strangled by junk lawsuits and liability concerns could plague the region for decades to come.

In addition, Congress needs to ensure liability protection for private companies and non-profit organizations such as the Red Cross who are helping in the recovery efforts. Americans should not be punished from lending a helping hand or assisting in the rebuilding process.

Tax Relief and Simplification

Immediate tax incentives to encourage investment in the area should be implemented including a dedicated tax to companies/individuals building in the affected region and accelerated depreciation for capital, equipment and software. Individual income tax and other tax penalties should be waived temporarily to jump start growth. The paperwork and process for taxing businesses should be streamlined.

We have seen the impact of tax incentives in economic recovery in the District of Columbia Enterprise Zone. The capital gains, employment and housing tax credits have revitalized the city and can do the same in the Gulf Coast states. Similarly, the accelerated depreciation provisions passed by Congress have had a large part in helping manufacturing, especially the aviation industry, recovery from the economic downturn in 2001.

Tax incentives will also help offset the immediate infusion of federal funds by increasing long term general revenue.

Innovation and Investment

Infrastructure

In order to be able to rebuild the area, highways, roads, bridges, airports, train tracks, and ports will have to be restored. The first step to take is to look at funds already obligated for the states affected and determine what needs to be reprogrammed to meet the new priorities. The federal government should allow investors a say in what needs to be rebuilt first and where in order to speed along the revitalization process.

The Department of Transportation and related agencies need to allow for expedited planning and building, as well as expedited process for granting permits, waivers, licenses, while easing restrictions on the allowable use of federal funds. The government should also utilize the use of “performance based contracting” which will speed along construction and reduce cost while guaranteeing longevity.

Insurance

There are many lessons from Hurricane Katrina with relation to flood insurance coverage, implementation, access to and mandates for insurance in vulnerable areas, concerns about the definition of flood versus wind damage, and a myriad of other provisions. The government needs to make sure that insurance claims are processed quickly to allow for rebuilding.

There also needs to be incentives in place for those who rebuild in high-risk areas to purchase the proper insurance. Government should consider a buyout of particularly vulnerable or polluted areas. If companies/individuals will not sell, they should be required to purchase insurance. The federal government should provide incentives to states to enact tough building code standards in affected areas.

The lessons of the effect of Hurricane Katrina have also demonstrated the need for Congress to pass long term Terrorism Risk Insurance to ensure that our economy is better protected against the impact of a terrorist act.

Housing

Congress can encourage and expedite the home building process by giving incentives to developers, expediting mortgage aid, providing tax credits for homeowners, and increased aid to help residents become home owners rather than renters.

We also need to help HUD waive regulations that will hinder the building process and make sure that aid to lower-income residents is portable and allows them to choose the best housing option for their family. We need to provide other options besides building temporary trailer parks or public housing complexes.

HUD and local governments also need to ensure that new construction is built to standards to meet any future natural disasters. They should look at innovative construction materials and process for building.

Faith-Based Coordination

All barriers preventing the federal government from contracting with and/or working hand in hand with faith based organizations during recovery and relief efforts, as well as rebuilding efforts should be eliminated.

Tourism

Travel and tourism are some of the biggest industries in the Gulf Coast, especially in New Orleans. Approximately 1 out of 5 jobs are travel and tourism specific – most working for small businesses. The private sector will want to resume their operations, and we should make sure that they are not stymied in their efforts. Small businesses such as restaurants and shops will need incentives to rebuild. The government should also see that historical tourist sites are preserved and restored. We should also let the world know that is safe to travel to the region and promote the progress being made in the Gulf Coast.

Health Care Security

The hundreds of thousands of displaced residents need to be able to use their health care insurance wherever they are temporarily relocated. For the next year and beyond, many workers will move around the region to help with revitalizing efforts and should be able to carry their health insurance with them. The government needs to find ways to ensure health care portability.

When the region rebuilds, programs such as AHP's and other policies that help employers to afford and offer health insurance should be implemented. Policies to allow for purchase of insurance across state lines should also be explored. Employers will want to attract the best employees to ensure their success. High priced or unavailable health coverage will hinder them from doing so.

In order to encourage the growth of health care facilities, incentives for health care workers and education training programs should be implemented.

Lifelong Learning

Education Portability

With dislocated families spread across the region and the nation, education vouchers need to be implemented to help pay for the cost of education and ensure that children are able to go to school. Proposed Education Smart Cards would expand parental choice and give families greater flexibility as they move around during the rebuilding period.

School loan waivers, Pell Grant extensions and other higher education policies need to be implemented to allow students to continue their education during this time. Congress also needs to look at ways to ensure that colleges and universities are supported and able to attract students, faculty and research in order that these states are economically viable.

Job Skill Training

The government should work with the local, state, and federal Chambers of Commerce as well as companies to set up public-private partnerships to train people for the jobs that will be available now during the rebuilding process and in the future as industries move in the area.

We also need to implement the worker reemployment accounts. These personal reemployment accounts will assist workers in the region to choose the programs and support services that will help put them in the position to return to work.

Trade Fairness and Opportunity

One of the most heartwarming sights soon after Hurricane Katrina hit was the activity at the Port of New Orleans, one of our most important seaports. The trade conducted throughout the whole gulf region fuels our national economy. The timber industry is especially dependent on travel on the Mississippi to the Gulf. As a federal government, we need to ensure our trading partners that these ports will thrive and encourage their use. We can also help expedite the infrastructure needed to help the ports run at full capacity.



Economic Competitiveness Should Be at the Top of the Congressional Agenda for 2006

When we come back in January, the House needs to focus on revitalizing the American economy. With high gas prices, a large budget deficit, and businesses being forced to move overseas, our constituents are rightly concerned about their economic future. We have a responsibility to them and future Americans to address these issues.

For almost two centuries the United States' economy has been the envy of the world. With its dynamic economy and hardworking, motivated workforce, America is truly the land of opportunity where innovation has thrived. That status is changing, however. We are running a \$670 billion annual trade deficit that is contributing to our budget deficit and has slowed the economy over the past few years.

This development is not a temporary blip on the radar screen. It is the culmination of a generation of *increased regulation, unsound tax policies, languishing emphasis on math and science education, unchecked healthcare costs, rampant lawsuit abuse, unfocused research and development funds, and weak trade policy enforcement*. In short, our government has made it difficult and less desirable to do business in the United States. Over the past generation, we have put up roadblocks to keeping and creating jobs in America. If these current trends continue, our economy will continue to lag and we will no longer remain the most dynamic economy in the world.

Meanwhile, China, India and other nations are preparing for the future. They are educating their students in math, science and technology and pumping out record numbers of engineers. They are reducing tax rates and other economic barriers to entice investment in their nations. These countries are pursuing aggressive trade policies to reduce America's economic dominance in world trade.

Without attention to these matters, the United States is headed towards a third-rate economy. Twenty years from now, we may no longer be the world's leader.

The House Economic Competitiveness Caucus will focus on ways Congress can uncover and help remove barriers to American economic competitiveness in the global market. The Caucus will provide deepened understanding of underlying problems inhibiting economic growth and will focus on long-term risks within current policies that make American businesses uncompetitive.

As barriers are exposed, the Caucus will develop long-term goals for how to best address the obstacles so businesses can thrive and workers can have higher-quality, higher-paying jobs.

The Economic Competitiveness Caucus wants to help ensure the American economy is vibrant and internationally competitive now and over the next several decades.



Representative Todd Tiahrt
Chairman

8 Steps to Competitiveness

✓ Health Care Security

Skyrocketing health care costs are killing jobs. Employers want to provide health care insurance to their workers. We must stabilize health care costs so all employers are able to afford this crucial benefit.

✓ Bureaucratic Red Tape Termination

The federal government has become a creeping ivy of regulations that strangle enterprise. The total burden of environmental, economic, workplace and tax compliance on the economy is in the order of \$850 billion.

✓ Lifelong Learning

Job training and retraining are necessary to keep up in today's environment. Our children must learning the fundamentals, become familiar with technology, and be exposed to enhanced math and science curriculums to be able to compete in a global economy. We must help our colleges and universities produce graduates who enter science and engineering careers.

✓ Trade Fairness

Protecting American exports should be foremost in any trade agreements and policy Congress reviews and considers. The ultimate goal should be to put American businesses at the top of the global supply chain, which benefits small businesses and creates jobs.

✓ Tax Relief and Simplification

Our tax structure puts American businesses at a disadvantage in the world market. We must simplify and eliminate the punitive nature of our current tax code. Incentives such as bonus depreciation encourage investment, moves production lines and increases revenues.

✓ Energy Self-Sufficiency & Science

Businesses cannot grow without reliable, cost efficient sources of energy. We have a plan that will not only stabilize our energy systems but also create over 800,000 jobs and strengthen our businesses.

✓ Innovation and Investment

Technology is the engine of growth, yet America does not have a comprehensive federal plan to encourage research and development. Incentives for applying knowledge into the market place and for the deployment of technology such as broadband are critical. We also need to remove the barriers to investment in the United States for domestic and foreign employers.

✓ Ending Lawsuit Abuse and Litigation Management

We need to return integrity to our legal system by curtailing frivolous lawsuits and returning the court's attention to upholding the laws of the land rather than legislating from the bench.